



June 23, 2008

California Energy Commission  
Docket Office, MS-4  
Re. Docket #08-IEP-1  
1516 Ninth Street  
Sacramento, CA 95814-5512

Re: Association of California Water Agencies (ACWA) comments on the 2009  
Integrated Energy Policy Report (IEPR) Docket No. 08-IEP-1

Dear Commission:

Attached please find ACWA's comments on the proposed scope of the 2009 IEPR, filed today with the Docket Office. A hard copy is being mailed to Docket Office.

Sincerely,

/s/ Lon W. House

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cc: Commissioner Jeffrey Byron  
Commissioner Jackie Pfannenstiel  
Suzanne Korosec

## **ACWA COMMENTS ON PROPOSED SCOPE OF THE 2009 IEPR**

The Association of California Water Agencies (ACWA) wishes to alert the Commission to a recent issue that warrants attention in the 2009 IEPR process – the current drought situation California finds itself in. While the water community has known this was coming for a long time, it just recently became official, thus the timeliness of our request. We have attached the June 12<sup>th</sup> announcement from the Governor’s Office declaring a drought state of emergency in Attachment A.

Drought has several impacts on the state energy system.

### Hydroelectric Generation.

Drought reduces the amount and timing of available hydroelectric generation. The Commission has recently addressed this issue for the summer of 2008<sup>1</sup> but may want to take a look at the long term, multi-years implications of consecutive droughts.

### Reduced Water Consumption.

One of the first things water agencies do during a drought is to initiate drought actions. We are attaching an excerpted version of the June 16<sup>th</sup> ACWA News which details the response of a number of water agencies around the state to the drought pronouncement. From the energy side, reduced water deliveries will result in reduced

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<sup>1</sup> “Dependable Hydro Capacity Summer 2008 Electricity Supply And Demand Outlook Workshop”, Jim Woodward, California Energy Commission, January 16, 2008.

energy use, due to the embedded energy in water. The magnitude of this potential reduction is unknown.

#### Increased Pumping Use.

We have previously testified before this Commission that there are hundreds of MWs of groundwater pumps that are sitting out there waiting to be turned on<sup>2</sup>. This is demand that California has never seen before. The big conjunctive use fields have basically been developed during the last decade and a half and the drought pumps never turned on or fully utilized.

It will not only be the large, established conjunctive use fields that will experience increased pumping in response to the drought. Many smaller pumps will be drawn into production, and entirely new wells will be developed.

We wish to draw attention to the first two things the Governor ordered in his June 12<sup>th</sup> drought proclamation:

- “1. OES shall provide assistance under the authority of the California Disaster Assistance Act, by assisting public water agencies with **drilling of groundwater wells or the improvement of existing wells and water delivery systems** for human consumption, sanitation, and emergency protective measures, such as fire fighting. (Emphasis added)
2. The Department of Water Resources (DWR) **shall transfer groundwater of appropriate quality through the use of the California Aqueduct to benefit farmers in the San Joaquin Valley** (Emphasis added)”

First order is the development of new groundwater wells (and their associated pumping requirements) and second is the order that DWR transfer pumped groundwater through the California Aqueduct.

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<sup>2</sup> e.g., CEC Docket 04-IEP-1H, “Water Energy Requirements”, April 22, 2005.

What the magnitude of this increased pumping is we do not know yet, but the potential of hundreds on MWs of new demand this summer or next summer that the demand forecasters don't know is coming is significant enough of an impact that we urge the Commission to investigate drought impacts on the energy sector in the upcoming IEPR.

Thank you for your consideration of this matter.

## **Appendix A. Governor's June 12<sup>th</sup> Drought Press release**

06/12/2008 GAAS:331:08 FOR IMMEDIATE RELEASE

# **Governor Schwarzenegger Proclaims State of Emergency for Central Valley Region and Takes Action to Address Urgent Water Needs**

Governor Arnold Schwarzenegger today proclaimed a state of emergency in the following nine Central Valley counties due to severe water shortages: Sacramento, San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and Kern. When the Governor issued his [Executive Order](#) last week declaring a statewide drought, he directed his state agencies and departments to take immediate action to address the serious drought conditions and water delivery reductions that exist in California, and today's announcement builds on those actions.

"Just last week, I said we would announce regional emergencies wherever the state's drought situation warrants them, and in the Central Valley, an emergency proclamation is necessary to protect our economy and way of life," Governor Schwarzenegger said. "Central Valley agriculture is a \$20 billion a year industry. If we don't get them water immediately the results will be devastating. Food prices, which are already stretching many family budgets, will continue to climb and workers will lose their jobs-everyone's livelihood will be impacted in some way."

The Governor's emergency proclamation today is based in part on an assessment of the full impact that additional, unexpected cuts recently made by federal water officials to San Joaquin Valley farmers have had in the middle of the growing season. As a result, the Governor's proclamation directs the Department of Water Resources to work with the U.S. Bureau of Reclamation to deliver more water now through the State Water Project when it's needed most. It also orders his Department of Water Resources to transfer groundwater through the California Aqueduct to benefit farmers in the affected counties and the State Water Resources Control Board to review water transfers as quickly as possible.

"We would not be talking about any of this if over the last 40 years California had invested in our water infrastructure. Today we are taking aggressive action to address an immediate crisis, but a comprehensive solution is the only answer to addressing our drought situation in the long term," Governor Schwarzenegger said.

Beginning with the first Strategic Growth Plan in 2006, the Governor called for a comprehensive plan to address California's urgent water needs. The Governor renewed that call in his 2008-09 budget by proposing an \$11.9 billion water bond for water management investments that will address population growth, climate change, water supply reliability and environmental needs. Specifically, the bond includes:

- Water Storage: \$3.5 billion dedicated to the development of additional storage.
- Delta Sustainability: \$2.4 billion to help implement a sustainable resource management plan for the Delta.
- Water Resources Stewardship: \$1.1 billion to implement river restoration projects.
- Water Conservation: \$3.1 billion to increase water use efficiency.
- Water Quality Improvement: \$1.1 billion for efforts to reduce the contamination of groundwater.
- Other Critical Water Projects: \$700 million for water recycling, hillside restoration for areas devastated by fire and removal of fish barriers on key rivers and streams.

The Governor is committed to gaining consensus on a bipartisan legislative solution for California's future.

- In February, Governor Schwarzenegger sent a letter to Senators Perata, Steinberg, and Machado clarifying the administrative actions under consideration as part of a comprehensive solution in the Delta.
- Also in February, the Governor hosted a meeting with Senator Feinstein, legislative leaders and key stakeholders to discuss rebuilding California's water infrastructure.
- In December 2007, the Governor applauded the work of the Delta Vision Blue Ribbon Task Force and committed to continuing to work with legislative leaders on a comprehensive water solution.
- In September 2007, the Governor introduced a comprehensive water infrastructure proposal during the legislative special session, building off of the plan he introduced in January 2007 as part of the 2007-08 budget.
- In July 2007, the Governor directed DWR to take immediate action to improve conditions in the Delta, to help restore its natural habitat and protect the Delta smelt and other species.

The full text of the Governor's proclamation is below:

## **A PROCLAMATION OF A STATE OF EMERGENCY**

**WHEREAS** on June 4, 2008, I issued an Executive Order proclaiming a

statewide drought; and

**WHEREAS** in my June 4 Executive Order, I called on all Californians to conserve water, and I directed state agencies and departments to take immediate action to address the serious drought conditions and water delivery reductions that exist in California; and

**WHEREAS** in issuing my June 4 Executive Order, I said that I would proclaim a state of emergency in any county where emergency conditions exist due to the drought, in an effort to protect the people and property of California, including the businesses, workers and communities that depend on water deliveries for their livelihood and survival; and

**WHEREAS** since issuing my June 4 Executive Order, I have determined that emergency conditions exist in Central Valley counties caused by the continuing drought conditions in California and the reductions in water deliveries; and

**WHEREAS** statewide rainfall has been below normal in 2007 and 2008, with many Southern California communities receiving only 20 percent of normal rainfall in 2007, and Northern California this year experiencing the driest spring on record with most communities receiving less than 20 percent of normal rainfall from March through May; and

**WHEREAS** California is experiencing critically dry water conditions in the Sacramento and San Joaquin River basins and the statewide runoff forecast for 2008 is estimated to be 41 percent below average; and

**WHEREAS** water storage in many of the reservoirs serving the Central Valley are far below normal including San Luis reservoir which is at 53 percent of capacity, Lake Shasta at 61 percent of capacity and Lake Oroville at just 50 percent of capacity; and

**WHEREAS** diversions from the Sacramento-San Joaquin River Delta for the State Water Project (SWP) and federal Central Valley Project (CVP) are being greatly restricted due to various factors including federal court actions to protect fish species, resulting in estimated SWP deliveries of only 35 percent, and CVP deliveries of only 40 percent, of local agencies' requested amounts for 2008; and

**WHEREAS** the United States Bureau of Reclamation (USBR) recently announced an unexpected reduction in its water supply allocations to Central Valley Project (CVP) contractors within the San Luis Delta Mendota Water Agency Service Area from 45 percent to 40 percent; and

**WHEREAS** this unanticipated reduction will result in crop loss, increased unemployment and other direct and indirect economic impacts to Central Valley counties; and

**WHEREAS** water rationing has been ordered by the City of Long Beach, the City of Roseville, and the East Bay Municipal Utility District, which serves 1.3 million people in Alameda and Contra Costa counties; and

**WHEREAS** on June 10, 2008, the Metropolitan Water District of Southern California, which supplies water for 26 cities and water agencies serving 18 million people in six southern California counties, declared a water supply alert in an effort to sustain their water reserves; and

**WHEREAS** some communities are also restricting new residential and commercial development because of unreliable or uncertain water supplies, and this is causing harm to the economy; and

**WHEREAS** dry conditions have created a situation of extreme fire danger in California, and these conditions resulted in devastating fires last year, with wildfires causing millions of dollars in damages; and

**WHEREAS** San Joaquin Valley agriculture constitutes a \$20 billion industry, and serves as an essential part of California's economy; and

**WHEREAS** the lack of water will cause devastating harm to the communities that rely on this important industry, as growers lack sufficient water to finish the growing season, are forced to abandon planted crops, and are forced to dismiss workers; and

**WHEREAS** the lack of water is causing agricultural workers in the Central Valley to lose their jobs, resulting in a loss of livelihood, an inability to provide for their families, and increased negative social and economic impacts on the communities that depend on them; and

**WHEREAS** San Joaquin Valley agricultural production and processing industries account for almost 40 percent of regional employment, and every dollar produced on the farm generates more than three dollars in the local and regional economies, and the loss of these dollars is devastating communities; and

**WHEREAS** almost 20 percent of San Joaquin Valley residents already live in poverty, and it consistently ranks as the top region in the nation in foreclosures; and

**WHEREAS** as workers lose their jobs because of the lack of water, they often move their families away from the communities, resulting in further harm to local economies, lower enrollments in local schools and reduced funding for schools; and

**WHEREAS** the city of Fresno received only 54 percent of normal rainfall in 2007 and 76 percent of normal in 2008, and had its fourth driest spring on record; and

**WHEREAS** on June 11, 2008, the Fresno County Board of Supervisors passed a



resolution declaring a local state of emergency due to the severe drought conditions, stating among other things that the lack of water has resulted in water rationing by Fresno County water districts; that these reductions are causing abandonment of current planted seasonal crops and permanent crops; that the cumulative crop reductions will result in job losses in Fresno County communities; that the loss of revenue has negatively impacted Fresno County businesses and Fresno County government tax revenue; and that there will be a substantial negative economic impact to the community; and

**WHEREAS** the Fresno County Board of Supervisors also requested that I declare a state of emergency due to the drought conditions; and

**WHEREAS** the Central Valley cities of Bakersfield, Modesto, Stockton, and Sacramento experienced their driest spring on record in 2008, and additional Central Valley counties are experiencing similar emergency conditions caused by drought and lack of water deliveries; and

**WHEREAS** to date, almost \$65 million in losses have been reported by 19 counties due to reduced rangeland grasses that are used to graze livestock, and those reductions have been caused by drought; and

**WHEREAS** statewide and local conditions collectively have led to the rationing of water by affected water districts to their member farmers and these further reductions are resulting in abandonment of current planted seasonal crops and permanent crops; and

**WHEREAS** the crop losses will cause increased food prices, which will negatively impact families and economies throughout California and beyond our borders; and

**WHEREAS** the lack of water deliveries has forced local communities to draw water from their emergency water reserves, putting communities at risk of further catastrophe if emergency reserves are depleted or cut off; and

**WHEREAS** the circumstances of the severe drought conditions, by reason of their magnitude, are beyond the control of the services, personnel, equipment and facilities of any single county, city and county, or city and require the combined forces of a mutual aid region or regions to combat; and

**WHEREAS** under the provisions of section 8558(b) of the California Government Code, I find that conditions of extreme peril to the safety of persons and property exist within the counties of Sacramento, San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and Kern, caused by the current and continuing severe drought conditions.

**NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER**, Governor of the State of California, in accordance with the authority vested in me by the California Constitution and the California Emergency Services Act, and in particular, section 8625

of the California Government Code, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist within the counties of Sacramento, San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and Kern.

**IT IS HEREBY ORDERED** that all agencies of the state government utilize and employ state personnel, equipment and facilities for the performance of any and all activities consistent with the direction of my Office of Emergency Services (OES) and the State Emergency Plan, and that OES provide local government assistance under the authority of the California Disaster Assistance Act, and that the emergency exemptions in sections 21080(b)(3) and 21172 of the Public Resources Code shall apply to all activities and projects ordered and directed under this proclamation, to the fullest extent allowed by law.

**I FURTHER DIRECT THAT:**

1. OES shall provide assistance under the authority of the California Disaster Assistance Act, by **assisting public water agencies with drilling of groundwater wells or the improvement of existing wells and water delivery systems** for human consumption, sanitation, and emergency protective measures, such as fire fighting. (*Emphasis added*)
2. **The Department of Water Resources (DWR) shall transfer groundwater of appropriate quality through the use of the California Aqueduct to benefit farmers in the San Joaquin Valley** (*Emphasis added*)
3. DWR and the State Water Resources Control Board (SWRCB) shall expedite the processing of water transfer requests.
4. DWR, in cooperation with USBR, shall make operational changes to State Water Project facilities, including the San Luis Reservoir and Southern California reservoirs, that will permit additional water deliveries to the San Joaquin Valley.
5. DWR shall prepare and file necessary water right urgency change petitions to facilitate surface water transfers and the use of joint point of diversion by the SWP and Central Valley Project.
6. SWRCB shall expedite the processing and consideration of water rights urgency change petitions filed by DWR and other water agencies to facilitate water transfers to the San Joaquin Valley.

**I FURTHER DIRECT** that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 12th day of June, 2008.

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ARNOLD SCHWARZENEGGER

Governor of California

**ATTEST:**

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DEBRA BOWEN  
Secretary of State